

Amendment in the Nature of a Substitute

To H.R. 4271

Offered by Mr. Goodling

Strike all after the enacting clause and insert the following:

1 **TITLE I—AMENDMENTS TO THE**
2 **COMMUNITY SERVICES**
3 **BLOCK GRANT ACT**

4 **SEC. 101. SHORT TITLE.**

5 This Act title be cited as the “Community Services
6 Authorization Act of 1998”.

7 **SEC. 102. REAUTHORIZATION.**

8 Sections 671 through 680 of the Community Services
9 Block Grant Act (42 U.S.C. 9901–9909) are amended to
10 read as follows:

11 **“Subtitle B—Community Services**
12 **Block Grant Program**

13 **“SEC. 671. SHORT TITLE.**

14 “This subtitle may be cited as the ‘Community Serv-
15 ices Block Grant Act’.

16 **“SEC. 672. PURPOSES AND GOALS.**

17 “The purpose of this subtitle is to provide assistance
18 to States and local communities, working through a net-

1 work of community action agencies and other neighbor-
2 hood-based organizations, for the reduction of poverty, the
3 revitalization of low-income communities, and the em-
4 powerment of low-income families and individuals in rural
5 and urban areas to become fully self-sufficient (particu-
6 larly families who are attempting to transition off a State
7 program carried out under part A of title IV of the Social
8 Security Act (42 U.S.C. 601 et seq.)). Such goals may
9 be accomplished through—

10 “(1) the strengthening of community capabili-
11 ties for planning, coordinating, and utilizing a broad
12 range of Federal, State, local, and private resources
13 for the elimination of poverty, and for helping indi-
14 viduals and families achieve self-sufficiency;

15 “(2) greater use of innovative and effective,
16 community-based approaches to attacking the causes
17 and effects of poverty and of community breakdown;

18 “(3) the maximum participation of residents of
19 the low-income communities and members of the
20 groups served by programs assisted through the
21 block grant to empower such individuals to respond
22 to the unique problems and needs within their com-
23 munities; and

24 “(4) the broadening of the resource base of pro-
25 grams directed to the elimination of poverty so as to

1 secure a more active role for private, faith-based,
2 charitable, and neighborhood organizations in the
3 provision of services as well as individual citizens,
4 business, labor, and professional groups who are able
5 to influence the quantity and quality of opportunities
6 and services for the poor.

7 **“SEC. 673. DEFINITIONS.**

8 “In this subtitle:

9 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
10 tity’ means an entity—

11 “(A) that is an eligible entity described in
12 section 673(1) (as in effect on the day before
13 the date of enactment of the Human Services
14 Reauthorization Act of 1998) as of such date of
15 enactment or is designated by the process de-
16 scribed in section 676A (including an organiza-
17 tion serving migrant or seasonal farmworkers
18 that is so described or designated); and

19 “(B) that has a tripartite board or other
20 mechanism described in subsection (a) or (b),
21 as appropriate, of section 676B.

22 “(2) POVERTY LINE.—The term ‘poverty line’
23 means the official poverty line defined by the Office
24 of Management and Budget based on the most re-
25 cent data available from the Bureau of the Census.

1 The Secretary shall revise the poverty line annually
2 (or at any shorter interval the Secretary determines
3 to be feasible and desirable) which shall be used as
4 a criterion of eligibility in the community services
5 block grant program established under this subtitle.
6 The required revision shall be accomplished by mul-
7 tiplying the official poverty line by the percentage
8 change in the Consumer Price Index for All Urban
9 Consumers during the annual or other interval im-
10 mediately preceding the time at which the revision is
11 made. Whenever a State determines that it serves
12 the objectives of the block grant program established
13 under this subtitle, the State may revise the poverty
14 line to not to exceed 125 percent of the official pov-
15 erty line otherwise applicable under this paragraph.

16 “(3) PRIVATE, NONPROFIT ORGANIZATION.—
17 The term ‘private, nonprofit organization’ includes a
18 faith-based organization, to which the provisions of
19 section 679 shall apply.

20 “(4) SECRETARY.—The term ‘Secretary’ means
21 the Secretary of Health and Human Services.

22 “(5) STATE.—The term ‘State’ means each of
23 the several States, the District of Columbia, the
24 Commonwealth of Puerto Rico, Guam, the United
25 States Virgin Islands, American Samoa, and the

1 Commonwealth of the Northern Mariana Islands,
2 but for fiscal years ending before October 1, 2001,
3 includes the Federated States of Micronesia, the Re-
4 public of the Marshall Islands, and Palau.

5 **“SEC. 674. AUTHORIZATION OF APPROPRIATIONS.**

6 “(a) IN GENERAL.—There are authorized to be ap-
7 propriated \$535,000,000 for fiscal year 1999 and such
8 sums as may be necessary for each of fiscal years 2000
9 through 2003 to carry out the provisions of this subtitle
10 (other than sections 681 and 682).

11 “(b) RESERVATIONS.—Of the amounts appropriated
12 under subsection (a) for each fiscal year, the Secretary
13 shall reserve—

14 “(1) $\frac{1}{2}$ of 1 percent for carrying out section
15 675A (relating to payments for territories);

16 “(2) $1\frac{1}{2}$ percent for activities authorized in
17 sections 678A through 678F, of which—

18 “(A) not less than $\frac{1}{2}$ of the amount re-
19 served by the Secretary under this paragraph
20 shall be distributed directly to local eligible enti-
21 ties or to statewide organizations whose mem-
22 bership is composed of eligible entities, as re-
23 quired under section 678A(c) for the purpose of
24 carrying out activities described in section
25 678A; and

1 “(B) $\frac{1}{2}$ of the remainder of the amount
2 reserved by the Secretary under this paragraph
3 shall be used to carry out monitoring, evalua-
4 tion, and corrective activities described in sec-
5 tions 678B(c) and 678A; and

6 “(3) not more than 9 percent for carrying out
7 section 680 (relating to discretionary activities).

8 **“SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.**

9 “The Secretary is authorized to establish a commu-
10 nity services block grant program and make grants
11 through the program to States to ameliorate the causes
12 of poverty in communities within the States.

13 **“SEC. 675A. DISTRIBUTION TO TERRITORIES.**

14 “(a) APPORTIONMENT.—The Secretary shall appor-
15 tion the amount reserved under section 674(b)(1)—

16 (1) for each fiscal year on the basis of need
17 among Guam, American Samoa, the United States
18 Virgin Islands, and the Commonwealth of the North-
19 ern Mariana Islands; and

20 (2) for fiscal years ending before October 1,
21 2001, and subject to subsection (c), on the basis of
22 need among the Federated States of Micronesia, the
23 Republic of the Marshall Islands, and Palau.

24 “(b) APPLICATION.—Each jurisdiction to which sub-
25 section (a) applies may receive a grant under this subtitle

1 for the amount apportioned under subsection (a) on sub-
2 mitting to the Secretary, and obtaining approval of, an
3 application containing provisions that describe the pro-
4 grams for which assistance is sought under this subtitle,
5 and that are consistent with the requirements of section
6 676.

7 “(c) LIMITATION.—(1) Funds apportioned under
8 subsection (a) for the Federated States of Micronesia, the
9 Republic of the Marshall Islands, and Palau shall be used
10 by the Secretary to make grants on a competitive basis,
11 pursuant to recommendations submitted to the Secretary
12 by the Pacific Region Educational Laboratory of the De-
13 partment of Education, to the Federated States of Micro-
14 nesia, the Republic of the Marshall Islands, Palau, Guam,
15 American Samoa, and the Commonwealth of the Northern
16 Mariana Islands, for the purpose of carrying out Head
17 Start programs in accordance with this subtitle.

18 “(2) Not more than 5 percent of such funds may be
19 used by the Secretary to compensate the Pacific Region
20 Educational Laboratory of the Department of Education
21 for administrative costs incurred in connection with mak-
22 ing recommendations under paragraph (1).

23 “(3) Notwithstanding any other provision of
24 law, the Federated States of Micronesia, the Repub-
25 lic of the Marshall Islands, and Palau shall not re-

1 ceive any funds under this subtitle for any fiscal
2 year that begins after September 30, 2001.

3 **“SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.**

4 “(a) ALLOTMENTS IN GENERAL.—The Secretary
5 shall, from the amount appropriated under section 674(a)
6 for each fiscal year that remains after the Secretary makes
7 the reservations required in section 674(b), allot to each
8 State, subject to section 677, an amount that bears the
9 same ratio to such remaining amount as the amount re-
10 ceived by the State for fiscal year 1981 under section 221
11 of the Economic Opportunity Act of 1964 bore to the total
12 amount received by all States for fiscal year 1981 under
13 such section, except that no State shall receive less than
14 $\frac{1}{4}$ of 1 percent of the amount appropriated under section
15 674(a) for such fiscal year.

16 “(b) ALLOTMENTS IN YEARS WITH GREATER AVAIL-
17 ABLE FUNDS.—

18 “(1) MINIMUM ALLOTMENTS.—Subject to para-
19 graphs (2) and (3), if the amount appropriated
20 under section 674(a) for a fiscal year that remains
21 after the Secretary makes the reservations required
22 in section 674(b) exceeds \$345,000,000, the Sec-
23 retary shall allot to each State not less than $\frac{1}{2}$ of
24 1 percent of the amount appropriated under section
25 674(a) for such fiscal year.

1 “(2) MAINTENANCE OF FISCAL YEAR 1990 LEV-
2 ELS.—Paragraph (1) shall not apply with respect to
3 a fiscal year if the amount allotted under subsection
4 (a) to any State for that year is less than the
5 amount allotted under subsection (a) to such State
6 for fiscal year 1990.

7 “(3) MAXIMUM ALLOTMENTS.—The amount al-
8 lotted under paragraph (1) to a State shall be re-
9 duced for a fiscal year, if necessary, so that the ag-
10 gregate amount allotted to such State under such
11 paragraph and subsection (a) does not exceed 140
12 percent of the aggregate amount allotted to such
13 State under the corresponding provisions of this sub-
14 title for the fiscal year preceding the fiscal year for
15 which a determination is made under this sub-
16 section.

17 “(c) ALLOTMENT OF ADDITIONAL FUNDS.—Not-
18 withstanding subsections (a) and (b), in any fiscal year
19 in which the amount appropriated under section 674(a)
20 exceeds the amount appropriated under such section for
21 fiscal year 1999, such excess shall be allotted among the
22 States proportionately based on—

23 “(1) the number of public assistance recipients
24 in the respective States;

1 “(2) the number of unemployed individuals in
2 the respective States; and

3 “(3) the number of individuals with incomes
4 below the poverty line in the respective States.

5 “(d) PAYMENTS.—The Secretary shall make pay-
6 ments to eligible States from the allotments made under
7 this section. The Secretary shall make payments for the
8 grants in accordance with section 6503(a) of title 31,
9 United States Code.

10 “(e) DEFINITION.—For purposes of this section, the
11 term ‘State’ does not include Guam, American Samoa, the
12 United States Virgin Islands, and the Commonwealth of
13 the Northern Mariana Islands.

14 **“SEC. 675C. USES OF FUNDS.**

15 “(a) GRANTS TO LOCAL ELIGIBLE ENTITIES AND
16 OTHER ORGANIZATIONS.—

17 “(1) IN GENERAL.—Not less than 90 percent of
18 the funds allotted to a State under section 675B
19 shall be used by the State to make grants for the
20 purposes described in section 672 to eligible entities.

21 “(2) OBLIGATIONAL AUTHORITY.—Funds dis-
22 tributed to eligible entities through grants made in
23 accordance with paragraph (1) for a fiscal year shall
24 be available for obligation during that fiscal year

1 and the succeeding fiscal year, in accordance with
2 paragraph (3).

3 “(3) RECAPTURE AND REDISTRIBUTION OF UN-
4 OBLIGATED FUNDS.—

5 “(A) AMOUNT.—Beginning on October 1,
6 2000, a State may recapture and redistribute
7 funds distributed to an eligible entity through a
8 grant made under paragraph (1) that are unob-
9 ligated at the end of a fiscal year if such unobli-
10 gated funds exceed 20 percent of the amount
11 so distributed to such eligible entity for such
12 fiscal year.

13 “(B) REDISTRIBUTION.—In redistributing
14 funds recaptured in accordance with this para-
15 graph, States shall redistribute such funds to
16 an eligible entity, or require the original recipi-
17 ent of the funds to redistribute the funds to a
18 private, nonprofit organization, located within
19 the community served by the original recipient
20 of the funds, for activities consistent with the
21 purposes of this subtitle.

22 “(b) STATEWIDE ACTIVITIES.—

23 “(1) USE OF REMAINDER.—If a State uses less
24 than 100 percent of the State allotment to make
25 grants under subsection (a), the State shall use the

1 remainder of the allotment (subject to paragraph
2 (2)) for—

3 “(A) providing training and technical as-
4 sistance to those entities in need of such train-
5 ing and assistance;

6 “(B) coordinating State-operated programs
7 and services targeted to low-income children
8 and families with services provided by eligible
9 entities and other organizations funded under
10 this subtitle, including detailing appropriate
11 employees of State or local agencies to entities
12 funded under this subtitle, to ensure increased
13 access to services provided by such State or
14 local agencies;

15 “(C) supporting statewide coordination and
16 communication among eligible entities;

17 “(D) analyzing the distribution of funds
18 made available under this subtitle within the
19 State to determine if such funds have been tar-
20 geted to the areas of greatest need;

21 “(E) supporting asset-building programs
22 for low-income individuals, such as programs
23 supporting individual development accounts;

24 “(F) supporting innovative programs and
25 activities conducted by community action agen-

1 cies or other neighborhood-based organizations
2 to eliminate poverty, promote self-sufficiency,
3 and promote community revitalization; and

4 “(G) supporting other activities, consistent
5 with the purposes of this subtitle.

6 “(2) ADMINISTRATIVE CAP.—No State may
7 spend more than the greater of \$55,000, or 5 per-
8 cent, of the State’s allotment received under section
9 675B for administrative expenses, including mon-
10 itoring activities. Funds to be spent for such ex-
11 penses shall be taken from the portion of the State
12 allotment that remains after the State makes grants
13 to eligible entities under subsection (a). The cost of
14 activities conducted under paragraph (1)(A) shall
15 not be considered to be administrative expenses.

16 **“SEC. 676. APPLICATION AND PLAN.**

17 “(a) DESIGNATION OF LEAD AGENCY.—

18 “(1) DESIGNATION.—The chief executive officer
19 of a State desiring to receive an allotment under this
20 subtitle shall designate, in an application submitted
21 to the Secretary under subsection (b), an appro-
22 priate State agency that complies with the require-
23 ments of paragraph (2) to act as a lead agency for
24 purposes of carrying out State activities under this
25 subtitle.

1 “(2) DUTIES.—The lead agency shall—

2 “(A) develop the State plan to be submit-
3 ted to the Secretary under subsection (b);

4 “(B) in conjunction with the development
5 of the State plan as required under subsection
6 (b), hold at least 1 hearing in the State with
7 sufficient time and statewide distribution of no-
8 tice of such hearing, to provide to the public an
9 opportunity to comment on the proposed use
10 and distribution of funds to be provided
11 through the allotment for the period covered by
12 the State plan; and

13 “(C) conduct reviews of eligible entities
14 under section 678B.

15 “(3) LEGISLATIVE HEARING.—The State shall
16 hold at least 1 legislative hearing every 3 years in
17 conjunction with the development of the State plan.

18 “(b) STATE APPLICATION AND PLAN.—Beginning
19 with fiscal year 2000, to be eligible to receive an allotment
20 under this subtitle, a State shall prepare and submit to
21 the Secretary an application and State plan covering a pe-
22 riod of not less than 1 fiscal year and not more than 2
23 fiscal years. The plan shall be submitted not later than
24 30 days prior to the beginning of the first fiscal year cov-

1 ered by the plan, and shall contain such information as
2 the Secretary shall require, including—

3 “(1) an assurance that funds made available
4 through the allotment will be used to support activi-
5 ties that are designed to assist low-income families
6 and individuals, including families and individuals
7 receiving assistance under title IV of the Social Se-
8 curity Act, homeless families and individuals, mi-
9 grant or seasonal farmworkers, and elderly low-in-
10 come individuals and families, and a description of
11 how such activities will enable the families and indi-
12 viduals—

13 “(A) to remove obstacles and solve prob-
14 lems that block the achievement of self-suffi-
15 ciency (particularly for families and individuals
16 who are attempting to transition off a State
17 program carried out under title IV of the Social
18 Security Act);

19 “(B) to secure and retain meaningful em-
20 ployment;

21 “(C) to attain an adequate education with
22 particular attention toward improving literacy
23 skills of the low-income families in the commu-
24 nity, which may include family literacy initia-
25 tives;

1 “(D) to make better use of available in-
2 come;

3 “(E) to obtain and maintain adequate
4 housing and a suitable living environment;

5 “(F) to obtain emergency assistance
6 through loans, grants, or other means to meet
7 immediate and urgent individual and family
8 needs;

9 “(G) to achieve greater participation in the
10 affairs of the community, including activities
11 that strengthen and improve the relationship
12 with local law enforcement agencies, which may
13 include activities such as neighborhood or com-
14 munity policing efforts;

15 “(H) to address the needs of youth in low-
16 income communities through youth development
17 programs that support the primary role of the
18 family, give priority to prevention of youth
19 problems and crime, promote increased commu-
20 nity coordination and collaboration in meeting
21 the needs of youth, and support development
22 and expansion of innovative community-based
23 youth development programs, which may in-
24 clude after-school child care programs; and

1 “(I) to make more effective use of, and to
2 coordinate with, other programs related to the
3 purposes of this subtitle (including State wel-
4 fare reform efforts);

5 “(2) a description of how the State intends to
6 use discretionary funds made available from the re-
7 mainder of the allotment described in section
8 675C(b) in accordance with this subtitle, including a
9 description of how the State will support innovative
10 community and neighborhood-based initiatives relat-
11 ed to the purposes of this subtitle;

12 “(3) based on information provided by eligible
13 entities in the State, a description of—

14 “(A) the service delivery system, for serv-
15 ices provided or coordinated with funds made
16 available through the allotment, targeted to
17 low-income individuals and families in commu-
18 nities within the State;

19 “(B) a description of how linkages will be
20 developed to fill identified gaps in the services,
21 through the provision of information, referrals,
22 case management, and followup consultations;

23 “(C) a description of how funds made
24 available through the allotment will be coordi-

1 nated with other public and private resources;
2 and

3 “(D) a description of how the funds will be
4 used to support innovative community and
5 neighborhood-based initiatives related to the
6 purposes of this subtitle which may include fa-
7 therhood and other initiatives with the goal of
8 strengthening families and encouraging paren-
9 tal responsibility;

10 “(4) an assurance that local eligible entities in
11 the State will provide, on an emergency basis, for
12 the provision of such supplies and services, nutri-
13 tious foods, and related services, as may be nec-
14 essary to counteract conditions of starvation and
15 malnutrition among low-income individuals;

16 “(5) an assurance that the State and the local
17 eligible entities in the State will coordinate, and es-
18 tablish linkages between, governmental and other so-
19 cial services programs to assure the effective delivery
20 of such services to low-income individuals and to
21 avoid duplication of such services (including a de-
22 scription of how the State and the local eligible enti-
23 ties will coordinate with State and local workforce
24 investment systems in the provision of employment

1 and training services in the State and in local com-
2 munities);

3 “(6) an assurance that the State will ensure co-
4 ordination between antipoverty programs in each
5 community, and ensure, where appropriate, that
6 emergency energy crisis intervention programs under
7 title XXVI (relating to low-income home energy as-
8 sistance) are conducted in such community;

9 “(7) an assurance that the State will permit
10 and cooperate with Federal investigations under-
11 taken in accordance with section 678D;

12 “(8) an assurance that any eligible entity that
13 received funding in the previous fiscal year under
14 this subtitle will not have its funding terminated
15 under this subtitle, or reduced below the propor-
16 tional share of funding the entity received in the
17 previous fiscal year unless, after providing notice
18 and an opportunity for a hearing on the record, the
19 State determines that cause exists for such termi-
20 nation or such reduction, subject to review by the
21 Secretary as provided in section 678C(b);

22 “(9) an assurance that local eligible entities in
23 the State will, to the maximum extent possible, co-
24 ordinate programs with and form partnerships with
25 other organizations serving low-income residents of

1 the communities and members of the groups served
2 by the State, including faith-based organizations,
3 charitable groups, and community organizations;

4 “(10) an assurance that the State will require
5 each eligible entity to establish procedures under
6 which a low-income individual, community organiza-
7 tion, or faith-based organization, or representative of
8 low-income individuals that considers its organiza-
9 tion, or low-income individuals, to be inadequately
10 represented on the board (or other mechanism) of
11 the eligible entity to petition for adequate represen-
12 tation;

13 “(11) an assurance that the State will secure
14 from each eligible entity, as a condition to receipt of
15 funding by the entity under this subtitle for a pro-
16 gram, a community action plan (which shall be sub-
17 mitted to the Secretary, at the request of the Sec-
18 retary, with the State plan) that includes a commu-
19 nity-needs assessment for the community served,
20 which may be coordinated with community-needs as-
21 sessments conducted for other programs;

22 “(12) an assurance that the State and all eligi-
23 ble entities in the State will, not later than fiscal
24 year 2001, participate in the Results Oriented Man-
25 agement and Accountability System, another per-

1 formance measure system established pursuant to
2 section 678E(b), or an alternative system for meas-
3 uring performance and results that meets the re-
4 quirements of that section, and a description of out-
5 come measures to be used to measure eligible entity
6 performance in promoting self-sufficiency, family
7 stability, and community revitalization; and

8 “(13) information describing how the State will
9 carry out the assurances described in this sub-
10 section.

11 “(c) FUNDING TERMINATION OR REDUCTIONS.—For
12 purposes of making a determination in accordance with
13 subsection (b)(8) with respect to—

14 “(1) a funding reduction, the term ‘cause’ in-
15 cludes—

16 “(A) a statewide redistribution of funds
17 provided under this subtitle to respond to—

18 “(i) the results of the most recently
19 available census or other appropriate data;

20 “(ii) the designation of a new eligible
21 entity; or

22 “(iii) severe economic dislocation; or

23 “(B) the failure of an eligible entity to
24 comply with the terms of an agreement to pro-
25 vide services under this subtitle; and

1 “(2) a termination, the term ‘cause’ includes
2 the material failure of an eligible entity to comply
3 with the terms of such an agreement and the State
4 plan to provide services under this subtitle or the
5 consistent failure of the entity to achieve perform-
6 ance measures as determined by the State.

7 “(d) PROCEDURES AND INFORMATION.—The Sec-
8 retary may prescribe procedures only for the purpose of
9 assessing the effectiveness of eligible entities in carrying
10 out the purposes of this subtitle.

11 “(e) REVISIONS AND INSPECTION.—

12 “(1) REVISIONS.—The chief executive officer of
13 each State may revise any plan prepared under this
14 section and shall submit the revised plan to the Sec-
15 retary.

16 “(2) PUBLIC INSPECTION.—Each plan or re-
17 vised plan prepared under this section shall be made
18 available for public inspection within the State in
19 such a manner as will facilitate review of, and com-
20 ment on, the plan.

21 **“SEC. 676A. DESIGNATION AND REDESIGNATION OF ELIGI-**
22 **BLE ENTITIES IN UNSERVED AREAS.**

23 “(a) QUALIFIED ORGANIZATION IN OR NEAR
24 AREA.—

1 “(1) IN GENERAL.—If any geographic area of a
2 State is not, or ceases to be, served by an eligible
3 entity under this subtitle, and if the chief executive
4 officer of the State decides to serve such area, the
5 chief executive officer may solicit applications from,
6 and designate as an eligible entity—

7 “(A) a private nonprofit eligible entity lo-
8 cated in an area contiguous to or within reason-
9 able proximity of the unserved area that is al-
10 ready providing related services in the unserved
11 area; or

12 “(B) a private nonprofit organization that
13 is geographically located in the unserved area
14 that is capable of providing a broad range of
15 services designed to eliminate poverty and fos-
16 ter self-sufficiency and that meets the require-
17 ments of this subtitle.

18 “(2) REQUIREMENT.—In order to serve as the
19 eligible entity for the area, an entity described in
20 paragraph (1)(B) shall agree to add additional mem-
21 bers to the board of the entity to ensure adequate
22 representation—

23 “(A) in each of the 3 required categories
24 described in subparagraphs (A), (B), and (C) of
25 section 676B(a)(2), by members that reside in

1 the community comprised by the unserved area;
2 and

3 “(B) in the category described in section
4 676B(a)(2), by members that reside in the
5 neighborhood served.

6 “(b) SPECIAL CONSIDERATION.—In designating an
7 eligible entity under subsection (a), the chief executive of-
8 ficer shall grant the designation to an organization of
9 demonstrated effectiveness in meeting the goals and pur-
10 poses of this subtitle and may give priority, in granting
11 the designation, to local eligible entities that are already
12 providing related services in the unserved area, consistent
13 with the needs identified by a community-needs assess-
14 ment.

15 “(c) NO QUALIFIED ORGANIZATION IN OR NEAR
16 AREA.—If no private, nonprofit organization is identified
17 or determined to be qualified under subsection (a) to serve
18 the unserved area as an eligible entity the chief executive
19 officer may designate an appropriate political subdivision
20 of the State to serve as an eligible entity for the area.
21 In order to serve as the eligible entity for that area, the
22 political subdivision shall have a board or other mecha-
23 nism as required in section 676B(b).

24 **“SEC. 676B. TRIPARTITE BOARDS.**

25 “(a) PRIVATE NONPROFIT ENTITIES.—

1 “(1) BOARD.—In order for a private, nonprofit
2 entity to be considered to be an eligible entity for
3 purposes of section 673(1), the entity shall admin-
4 ister the community services block grant program
5 through a tripartite board described in paragraph
6 (2) that fully participates in the development and
7 implementation of the program to serve low-income
8 communities or groups.

9 “(2) SELECTION AND COMPOSITION OF
10 BOARD.—The members of the board referred to in
11 paragraph (1) shall be selected by the entity and the
12 board shall be composed so as to assure that—

13 “(A) $\frac{1}{3}$ of the members of the board are
14 elected public officials, holding office on the
15 date of selection, or their representatives, ex-
16 cept that if the number of elected officials rea-
17 sonably available and willing to serve on the
18 board is less than $\frac{1}{3}$ of the membership of the
19 board, membership on the board of appointive
20 public officials or their representatives may be
21 counted in meeting such $\frac{1}{3}$ requirement;

22 “(B) not fewer than $\frac{1}{3}$ of the members are
23 persons chosen in accordance with democratic
24 selection procedures adequate to assure that
25 these members are representative of low-income

1 individuals and families in the neighborhood
2 served;

3 “(C) the remainder of the members are of-
4 ficials or members of business, industry, labor,
5 religious, law enforcement, education, or other
6 major groups and interests in the community
7 served; and

8 “(D) each representative of low-income in-
9 dividuals and families selected to represent a
10 specific neighborhood within a community
11 under this paragraph resides in the neighbor-
12 hood represented by the member.

13 “(b) PUBLIC ORGANIZATIONS.—In order for a public
14 organization to be considered to be an eligible entity for
15 purposes of section 673(1), the entity shall administer the
16 community services block grant program through—

17 “(1) a tripartite board, which shall have mem-
18 bers selected by the organization and shall be com-
19 posed so as to assure that not fewer than $\frac{1}{3}$ of the
20 members are persons chosen in accordance with
21 democratic selection procedures adequate to assure
22 that these members—

23 “(A) are representative of low-income indi-
24 viduals and families in the neighborhood served;

1 “(B) reside in the neighborhood served;
2 and

3 “(C) are able to participate actively in the
4 planning and implementation of programs fund-
5 ed under this subtitle; or

6 “(2) another mechanism specified by the State
7 to assure decisionmaking and participation by low-
8 income individuals in the planning, administration,
9 and evaluation of programs funded under this sub-
10 title.

11 **“SEC. 677. PAYMENTS TO INDIAN TRIBES.**

12 “(a) RESERVATION.—If, with respect to any State,
13 the Secretary—

14 “(1) receives a request from the governing body
15 of an Indian tribe or tribal organization within the
16 State that assistance under this subtitle be made di-
17 rectly to such tribe or organization; and

18 “(2) determines that the members of such tribe
19 or tribal organization would be better served by
20 means of grants made directly to provide benefits
21 under this subtitle,

22 the Secretary shall reserve from amounts that would oth-
23 erwise be allotted to such State under section 675B for
24 the fiscal year the amount determined under subsection
25 (b).

1 “(b) DETERMINATION OF RESERVED AMOUNT.—The
2 Secretary shall reserve for the purpose of subsection (a)
3 from amounts that would otherwise be allotted to such
4 State, not less than 100 percent of an amount that bears
5 the same ratio to the State allotment for the fiscal year
6 involved as the population of all eligible Indians for whom
7 a determination has been made under subsection (a) bears
8 to the population of all individuals eligible for assistance
9 under this subtitle in such State.

10 “(c) AWARDS.—The sums reserved by the Secretary
11 on the basis of a determination made under subsection (a)
12 shall be made available by grant to the Indian tribe or
13 tribal organization serving the individuals for whom such
14 a determination has been made.

15 “(d) PLAN.—In order for an Indian tribe or tribal
16 organization to be eligible for a grant award for a fiscal
17 year under this section, the tribe or organization shall sub-
18 mit to the Secretary a plan for such fiscal year that meets
19 such criteria as the Secretary may prescribe by regulation.

20 “(e) DEFINITIONS.—In this section:

21 “(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—
22 The terms ‘Indian tribe’ and ‘tribal organization’
23 mean a tribe, band, or other organized group recog-
24 nized in the State in which the tribe, band, or group
25 resides, or considered by the Secretary of the Inte-

1 rior, to be an Indian tribe or an Indian organization
2 for any purpose.

3 “(2) INDIAN.—The term ‘Indian’ means a
4 member of an Indian tribe or of a tribal organiza-
5 tion.

6 **“SEC. 678. OFFICE OF COMMUNITY SERVICES.**

7 “(a) OFFICE.—The Secretary shall carry out the
8 functions of this subtitle through an Office of Community
9 Services, which shall be established in the Department of
10 Health and Human Services. The Office shall be headed
11 by a Director.

12 “(b) GRANTS, CONTRACTS, COOPERATIVE AGREE-
13 MENTS.—The Secretary shall carry out functions of this
14 subtitle through grants, contracts, or cooperative agree-
15 ments.

16 **“SEC. 678A. TRAINING AND TECHNICAL ASSISTANCE.**

17 “(a) ACTIVITIES.—The Secretary shall use the
18 amounts reserved in section 674(b)(2) for training, tech-
19 nical assistance, planning, evaluation, performance meas-
20 urement, corrective action activities (to correct pro-
21 grammatic deficiencies of eligible entities), reporting, and
22 data collection activities related to programs carried out
23 under this subtitle, and in accordance with subsection (c).
24 Training and technical assistance activities may be carried
25 out by the Secretary through grants, contracts, or cooper-

1 ative agreements with eligible entities or with organiza-
2 tions or associations whose membership is composed of eli-
3 gible entities or agencies that administer programs for eli-
4 gible entities.

5 “(b) PROCESS.—The process for determining the
6 training and technical assistance to be carried out under
7 this section shall—

8 “(1) ensure that the needs of eligible entities
9 and programs relating to improving program quality,
10 including financial management practices, are ad-
11 dressed to the maximum extent feasible; and

12 “(2) incorporate mechanisms to ensure respon-
13 siveness to local needs, including an ongoing proce-
14 dure for obtaining input from the national and State
15 network of eligible entities.

16 “(c) DISTRIBUTION REQUIREMENT.—Of the
17 amounts reserved under section 674(b)(2) for activities to
18 be carried out under this section, not less than $\frac{1}{2}$ of such
19 amounts shall be distributed directly to local eligible enti-
20 ties or to statewide organizations whose membership is
21 composed of eligible entities for the purpose of improving
22 program quality (including financial management prac-
23 tices), management information and reporting systems,
24 measurement of program results, and for the purpose of
25 ensuring responsiveness to local neighborhood needs.

1 **“SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.**

2 “(a) IN GENERAL.—In order to determine whether
3 eligible entities meet the performance goals, administra-
4 tive standards, financial management requirements, and
5 other requirements of a State, the State shall conduct the
6 following reviews of eligible entities:

7 “(1) A full onsite review of each such entity at
8 least once during each 3-year period.

9 “(2) An onsite review of each newly designated
10 entity immediately after the completion of the first
11 year in which such entity receives funds through the
12 community services block grant program.

13 “(3) Followup reviews including prompt return
14 visits to eligible entities, and their programs, that
15 fail to meet the goals, standards, and requirements
16 established by the State.

17 “(4) Other reviews as appropriate, including re-
18 views of entities with programs that have had other
19 Federal, State, or local grants terminated for cause.

20 “(b) REQUESTS.—The State may request training
21 and technical assistance from the Secretary as needed to
22 comply with the requirements of this section.

23 “(c) EVALUATIONS BY THE SECRETARY.—The Sec-
24 retary shall conduct in several States in each fiscal year
25 evaluations and investigations of the use of funds received
26 by the States under this subtitle in order to evaluate com-

1 pliance with the provisions of this subtitle, and especially
2 with respect to compliance with subsection (b) of section
3 676. A report of such evaluations, together with rec-
4 ommendations of improvements designed to enhance the
5 benefit and impact to people in need, shall be sent to each
6 State evaluated. Upon receiving the report the State shall
7 submit a plan of action in response to the recommenda-
8 tions contained in the report. The results of the evalua-
9 tions shall be submitted annually to the Chairman of the
10 Committee on Education and the Workforce of the House
11 of Representatives and the Chairman of the Committee
12 on Labor and Human Resources of the Senate as part
13 of the report submitted by the Secretary in accordance
14 with section 678E(b)(2).

15 **“SEC. 678C. CORRECTIVE ACTION; TERMINATION AND RE-**
16 **DUCTION OF FUNDING.**

17 “(a) DETERMINATION.—If the State determines, on
18 the basis of a review pursuant to subsection 678B, that
19 an eligible entity materially fails to comply with the terms
20 of an agreement, or the State plan, to provide services
21 under this subtitle or to meet appropriate standards,
22 goals, and other requirements established by the State (in-
23 cluding performance objectives), the State shall—

24 “(1) inform the entity of the deficiency to be
25 corrected;

1 “(2) require the entity to correct the deficiency;

2 “(3)(A) offer training and technical assistance,
3 if appropriate, to help correct the deficiency, and
4 prepare and submit to the Secretary a report de-
5 scribing the training and technical assistance of-
6 fered; or

7 “(B) if the State determines that such training
8 and technical assistance are not appropriate, prepare
9 and submit to the Secretary a report stating the rea-
10 sons for the determination;

11 “(4)(A) at the discretion of the State (taking
12 into account the seriousness of the deficiency and
13 the time reasonably required to correct the defi-
14 ciency), allow the entity to develop and implement,
15 within 60 days after being informed of the defi-
16 ciency, a quality improvement plan to correct such
17 deficiency within a reasonable period of time, as de-
18 termined by the State; and

19 “(B) not later than 30 days after receiving
20 from an eligible entity a proposed quality improve-
21 ment plan pursuant to subparagraph (A), either ap-
22 prove such proposed plan or specify the reasons why
23 the proposed plan cannot be approved; and

24 “(5) after providing adequate notice and an op-
25 portunity for a hearing, initiate proceedings to ter-

1 minate the designation of or reduce the funding
2 under this subtitle of the eligible entity unless the
3 entity corrects the deficiency.

4 “(b) REVIEW.—A determination to terminate the
5 designation or reduce the funding of an eligible entity is
6 reviewable by the Secretary. The Secretary shall, upon re-
7 quest, review such a determination. The review shall be
8 completed not later than 120 days after the determination
9 to terminate the designation or reduce the funding. If the
10 review is not completed within 120 days, the determina-
11 tion of the State shall become final at the end of the 120th
12 day.

13 “(c) DIRECT ASSISTANCE.—Whenever a State vio-
14 lates the assurances contained in section 676(b)(8) and
15 terminates or reduces the funding of an eligible entity
16 prior to the completion of the State’s hearing and the Sec-
17 retary’s review as required in subsection (b), the Secretary
18 shall assume responsibility for providing financial assist-
19 ance to the eligible entity affected until the violation is
20 corrected. In such case, the allotment for the State shall
21 be reduced by an amount equal to the funds provided
22 under this subsection to such eligible entity.

1 **“SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLD-**
2 **ING.**

3 “(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND
4 INSPECTIONS.—

5 “(1) IN GENERAL.—A State that receives funds
6 under this subtitle shall—

7 “(A) establish fiscal control and fund ac-
8 counting procedures necessary to assure the
9 proper disbursement of and accounting for Federal
10 funds paid to the State under this subtitle, in-
11 cluding procedures for monitoring the funds
12 provided under this subtitle;

13 “(B) ensure that cost and accounting
14 standards of the Office of Management and
15 Budget apply to a recipient of funds under this
16 subtitle;

17 “(C) prepare, at least every year in accord-
18 ance with paragraph (2) an audit of the ex-
19 penditures of the State of amounts received
20 under this subtitle and amounts transferred to
21 carry out the purposes of this subtitle; and

22 “(D) make appropriate books, documents,
23 papers, and records available to the Secretary
24 and the Comptroller General of the United
25 States, or any of their duly authorized rep-
26 resentatives, for examination, copying, or me-

1 chanical reproduction on or off the premises of
2 the appropriate entity upon a reasonable re-
3 quest for the items.

4 “(2) AUDITS.—Each audit required by sub-
5 section (a)(1)(C) shall be conducted by an entity
6 independent of any agency administering activities
7 or services carried out under this subtitle and shall
8 be conducted in accordance with generally accepted
9 accounting principles. Within 30 days after the com-
10 pletion of each such audit in a State, the chief exec-
11 utive officer of the State shall submit a copy of such
12 audit to any eligible entity that was the subject of
13 the audit at no charge, to the legislature of the
14 State, and to the Secretary.

15 “(3) REPAYMENTS.—The State shall repay to
16 the United States amounts found not to have been
17 expended in accordance with this subtitle or the Sec-
18 retary may offset such amounts against any other
19 amount to which the State is or may become entitled
20 under this subtitle.

21 “(b) WITHHOLDING.—

22 “(1) IN GENERAL.—The Secretary shall, after
23 providing adequate notice and an opportunity for a
24 hearing conducted within the affected State, with-
25 hold funds from any State that does not utilize the

1 State allotment substantially in accordance with the
2 provisions of this subtitle, including the assurances
3 such State provided under section 676.

4 “(2) RESPONSE TO COMPLAINTS.—The Sec-
5 retary shall respond in an expeditious and speedy
6 manner to complaints of a substantial or serious na-
7 ture that a State has failed to use funds in accord-
8 ance with the provisions of this subtitle, including
9 the assurances provided by the State under section
10 676. For purposes of this paragraph, a complaint of
11 a failure to meet any 1 of the assurances provided
12 under section 676 that constitutes disregarding that
13 assurance shall be considered to be a complaint of
14 a serious nature.

15 “(3) INVESTIGATIONS.—Whenever the Sec-
16 retary determines that there is a pattern of com-
17 plaints of failures described in paragraph (2) from
18 any State in any fiscal year, the Secretary shall con-
19 duct an investigation of the use of funds received
20 under this subtitle by such State in order to ensure
21 compliance with the provisions of this subtitle.

22 **“SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIRE-**
23 **MENTS.**

24 “(a) STATE ACCOUNTABILITY AND REPORTING RE-
25 QUIREMENTS.—

1 “(1) PERFORMANCE MEASUREMENT.—

2 “(A) IN GENERAL.—By October 1, 2001,
3 each State that receives funds under this sub-
4 title shall participate, and shall ensure that all
5 eligible entities in the State participate, in a
6 performance measurement system, which may
7 be a performance measurement system estab-
8 lished by the Secretary pursuant to subsection
9 (b), or an alternative system that meets the re-
10 quirements of subsection (b).

11 “(B) LOCAL AGENCIES.—The State may
12 elect to have local agencies who are subcontrac-
13 tors of the eligible entities under this subtitle
14 participate in the performance measurement
15 system. If the State makes that election, ref-
16 erences in this section to eligible entities shall
17 be considered to include the local agencies.

18 “(2) ANNUAL REPORT.—Each State shall annu-
19 ally prepare and submit to the Secretary a report on
20 the measured performance of the State and the eligi-
21 ble entities in the State. Each State shall also in-
22 clude in the report an accounting of the expenditure
23 of funds received by the State through the commu-
24 nity services block grant program, including an ac-
25 counting of funds spent on indirect services or ad-

1 ministrative costs by the State and the eligible enti-
2 ties, and funds spent by eligible entities on the di-
3 rect delivery of local services, and shall include infor-
4 mation on the number of and characteristics of cli-
5 ents served under this subtitle in the State, based on
6 data collected from the eligible entities. The State
7 shall also include in the report a summary describ-
8 ing the training and technical assistance offered by
9 the State under section 678C(a)(3) during the year
10 covered by the report.

11 “(b) SECRETARY’S ACCOUNTABILITY AND REPORT-
12 ING REQUIREMENTS.—

13 “(1) PERFORMANCE MEASUREMENT.—The Sec-
14 retary, in collaboration with the States and with eli-
15 gible entities throughout the Nation, shall facilitate
16 the development of 1 or more model performance
17 measurement systems, which may be used by the
18 States and by eligible entities to measure their per-
19 formance in carrying out the requirements of this
20 subtitle and in achieving the goals of their commu-
21 nity action plans. The Secretary shall provide tech-
22 nical assistance, including support for the enhance-
23 ment of electronic data systems, to States and to eli-
24 gible entities to enhance their capability to collect

1 and report data for such a system and to aid in
2 their participation in such a system.

3 “(2) REPORTING REQUIREMENTS.—At the end
4 of each fiscal year beginning after September 30,
5 1999, the Secretary shall, directly or by grant or
6 contract, prepare a report containing—

7 “(A) a summary of the planned use of
8 funds by each State, and the eligible entities in
9 the State, under the community services block
10 grant program, as contained in each State plan
11 submitted pursuant to section 676;

12 “(B) a description of how funds were actu-
13 ally spent by the State and eligible entities in
14 the State, including a breakdown of funds spent
15 on indirect services or administrative costs and
16 on the direct delivery of local services by eligible
17 entities;

18 “(C) information on the number of entities
19 eligible for funds under this subtitle, the num-
20 ber of low-income persons served under this
21 subtitle, and such demographic data on the low-
22 income populations served by eligible entities as
23 is determined by the Secretary to be feasible;

1 “(D) a comparison of the planned uses of
2 funds for each State and the actual uses of the
3 funds;

4 “(E) a summary of each State’s perform-
5 ance results, and the results for the eligible en-
6 tities, as collected and submitted by the States
7 in accordance with subsection (a)(2); and

8 “(F) any additional information that the
9 Secretary considers to be appropriate to carry
10 out this subtitle, if the Secretary informs the
11 States of the need for such additional informa-
12 tion and allows a reasonable period of time
13 prior to the start of the fiscal year for the
14 States to collect and provide the information.

15 “(3) SUBMISSION.—The Secretary shall submit
16 to the Committee on Education and the Workforce
17 of the House of Representatives and the Committee
18 on Labor and Human Resources of the Senate the
19 report described in paragraph (2), and any com-
20 ments the Secretary may have with respect to such
21 report. The report shall include definitions of direct,
22 indirect, and administrative costs used by the De-
23 partment of Health and Human Services for pro-
24 grams funded under this subtitle.

1 “(4) COSTS.—Of the funds reserved under sec-
2 tion 674(b)(3), not more than \$350,000 shall be
3 available to carry out the reporting requirements
4 contained in paragraph (2) and the provision of
5 technical assistance described in paragraph (1).

6 **“SEC. 678F. LIMITATIONS ON USE OF FUNDS.**

7 “(a) CONSTRUCTION OF FACILITIES.—

8 “(1) LIMITATIONS.—Except as provided in
9 paragraph (2), grants made under this subtitle
10 (other than amounts reserved under section
11 674(b)(3)) may not be used by the State, or by any
12 other person with which the State makes arrange-
13 ments to carry out the purposes of this subtitle, for
14 the purchase or improvement of land, or the pur-
15 chase, construction, or permanent improvement
16 (other than low-cost residential weatherization or
17 other energy-related home repairs) of any building
18 or other facility.

19 “(2) WAIVER.—The Secretary may waive the
20 limitation contained in paragraph (1) upon a State
21 request for such a waiver, if the Secretary finds that
22 the request describes extraordinary circumstances to
23 justify the purchase of land or the construction of
24 facilities (or the making of permanent improve-
25 ments) and that permitting the waiver will contrib-

1 ute to the ability of the State to carry out the pur-
2 poses of this subtitle.

3 “(b) POLITICAL ACTIVITIES.—

4 “(1) TREATMENT AS A STATE OR LOCAL AGEN-
5 CY.—For purposes of chapter 15 of title 5, United
6 States Code, any entity that assumes responsibility
7 for planning, developing, and coordinating activities
8 under this subtitle and receives assistance under this
9 subtitle shall be deemed to be a State or local agen-
10 cy. For purposes of paragraphs (1) and (2) of sec-
11 tion 1502(a) of such title, any entity receiving as-
12 sistance under this subtitle shall be deemed to be a
13 State or local agency.

14 “(2) PROHIBITIONS.—Programs assisted under
15 this subtitle shall not be carried on in a manner in-
16 volving the use of program funds, the provision of
17 services, or the employment or assignment of per-
18 sonnel, in a manner supporting or resulting in the
19 identification of such programs with—

20 “(A) any partisan or nonpartisan political
21 activity or any political activity associated with
22 a candidate, or contending faction or group, in
23 an election for public or party office;

24 “(B) any activity to provide voters or pro-
25 spective voters with transportation to the polls

1 or similar assistance in connection with any
2 such election; or

3 “(C) any voter registration activity.

4 “(3) RULES AND REGULATIONS.—The Sec-
5 retary, after consultation with the Office of Person-
6 nel Management, shall issue rules and regulations to
7 provide for the enforcement of this subsection, which
8 shall include provisions for summary suspension of
9 assistance or other action necessary to permit en-
10 forcement on an emergency basis.

11 “(c) NONDISCRIMINATION.—

12 “(1) IN GENERAL.—No person shall, on the
13 basis of race, color, religion, national origin, or sex
14 be excluded from participation in, be denied the ben-
15 efits of, or be subjected to discrimination under, any
16 program or activity funded in whole or in part with
17 funds made available under this subtitle. Any prohi-
18 bition against discrimination on the basis of age
19 under the Age Discrimination Act of 1975 (42
20 U.S.C. 6101 et seq.) or with respect to an otherwise
21 qualified individual with a disability as provided in
22 section 504 of the Rehabilitation Act of 1973 (29
23 U.S.C. 794) or title II of the Americans with Dis-
24 abilities Act of 1990 (42 U.S.C. 12131 et seq.) shall
25 also apply to any such program or activity.

1 “(2) ACTION OF SECRETARY.—Whenever the
2 Secretary determines that a State that has received
3 a payment under this subtitle has failed to comply
4 with paragraph (1) or an applicable regulation, the
5 Secretary shall notify the chief executive officer of
6 the State and shall request that the officer secure
7 compliance. If within a reasonable period of time,
8 not to exceed 60 days, the chief executive officer
9 fails or refuses to secure compliance, the Secretary
10 is authorized to—

11 “(A) refer the matter to the Attorney Gen-
12 eral with a recommendation that an appropriate
13 civil action be instituted;

14 “(B) exercise the powers and functions
15 provided by title VI of the Civil Rights Act of
16 1964 (42 U.S.C. 2000d et seq.), the Age Dis-
17 crimination Act of 1975 (42 U.S.C. 6101 et
18 seq.), or section 504 of the Rehabilitation Act
19 of 1973 (29 U.S.C. 794), as may be applicable;
20 or

21 “(C) take such other action as may be pro-
22 vided by law.

23 “(3) ACTION OF ATTORNEY GENERAL.—When a
24 matter is referred to the Attorney General pursuant
25 to paragraph (2), or whenever the Attorney General

1 has reason to believe that the State is engaged in a
2 pattern or practice of discrimination in violation of
3 the provisions of this subsection, the Attorney Gen-
4 eral may bring a civil action in any appropriate
5 United States district court for such relief as may
6 be appropriate, including injunctive relief.

7 **“SEC. 679. OPERATIONAL RULE.**

8 “(a) FAITH-BASED ORGANIZATIONS INCLUDED AS
9 NONGOVERNMENTAL PROVIDERS.—For any program car-
10 ried out by the Federal Government, or by a State or local
11 government under this subtitle, the government shall con-
12 sider, on the same basis as other nongovernmental organi-
13 zations, faith-based organizations to provide the assistance
14 under the program, so long as the program is implemented
15 in a manner consistent with the Establishment Clause of
16 the first amendment to the Constitution. Neither the Fed-
17 eral Government nor a State or local government receiving
18 funds under this subtitle shall discriminate against an or-
19 ganization that provides assistance under, or applies to
20 provide assistance under, this subtitle, on the basis that
21 the organization has a faith-based character.

22 “(b) ADDITIONAL SAFEGUARDS.—Neither the Fed-
23 eral Government nor a State or local government shall re-
24 quire a faith-based organization to remove religious art,
25 icons, scripture, or other symbols in order to be eligible

1 to provide assistance under a program described in sub-
2 section (a).

3 “(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN
4 PURPOSES.—No funds provided to a faith-based organiza-
5 tion to provide assistance under any program described
6 in subsection (a) shall be expended for sectarian worship,
7 instruction, or proselytization.

8 “(d) FISCAL ACCOUNTABILITY.—

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2), any faith-based organization providing as-
11 sistance under any program described in subsection
12 (a) shall be subject to the same regulations as other
13 nongovernmental organizations to account in accord
14 with generally accepted accounting principles for the
15 use of such funds provided under such program.

16 “(2) LIMITED AUDIT.—Such organization shall
17 segregate government funds provided under such
18 program into a separate account. Only the govern-
19 ment funds shall be subject to audit by the govern-
20 ment.

21 **“SEC. 680. DISCRETIONARY AUTHORITY OF THE SEC-**
22 **RETARY.**

23 “(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS,
24 AND GUARANTEES.—

1 “(1) IN GENERAL.—The Secretary shall, from
2 funds reserved under section 674(b)(3), make
3 grants, loans, or guarantees to States and public
4 agencies and private, nonprofit organizations, or
5 enter into contracts or jointly financed cooperative
6 arrangements with States and public agencies and
7 private, nonprofit organizations (and for-profit orga-
8 nizations, to the extent specified in (2)(E)) for each
9 of the objectives described in paragraphs (2) through
10 (4).

11 “(2) COMMUNITY ECONOMIC DEVELOPMENT.—

12 “(A) ECONOMIC DEVELOPMENT ACTIVI-
13 TIES.—The Secretary shall make grants de-
14 scribed in paragraph (1) on a competitive basis
15 to private, non-profit organizations that are
16 community development corporations to provide
17 technical and financial assistance for economic
18 development activities designed to address the
19 economic needs of low-income individuals and
20 families by creating employment and business
21 development opportunities.

22 “(B) CONSULTATION.—The Secretary
23 shall exercise the authority provided under sub-
24 paragraph (A) after consultation with other rel-
25 evant Federal officials.

1 “(C) GOVERNING BOARDS.—For a commu-
2 nity development corporation to receive funds to
3 carry out this paragraph, the corporation shall
4 be governed by a board that shall consist of
5 residents of the community and business and
6 civic leaders and shall have as a principal pur-
7 pose planning, developing, or managing low-in-
8 come housing or community development
9 projects.

10 “(D) GEOGRAPHIC DISTRIBUTION.—In
11 making grants to carry out this paragraph, the
12 Secretary shall take into consideration the geo-
13 graphic distribution of funding among States
14 and the relative proportion of funding among
15 rural and urban areas.

16 “(E) RESERVATION.—Of the amounts
17 made available to carry out this paragraph, the
18 Secretary may reserve not more than 1 percent
19 for each fiscal year to make grants to private,
20 nonprofit organizations or to enter into con-
21 tracts with private, nonprofit or for-profit orga-
22 nizations to provide technical assistance to aid
23 community development corporations in devel-
24 oping or implementing activities funded to carry

1 out this paragraph and to evaluate activities
2 funded to carry out this paragraph.

3 “(3) RURAL COMMUNITY DEVELOPMENT AC-
4 TIVITIES.—The Secretary shall provide the assist-
5 ance described in paragraph (1) for rural community
6 development activities, which shall include—

7 “(A) grants to private, nonprofit corpora-
8 tions that provide assistance concerning home
9 repair to rural low-income families and plan-
10 ning and developing low-income rural rental
11 housing units; and

12 “(B) grants to multistate, regional, pri-
13 vate, nonprofit organizations to provide training
14 and technical assistance to small, rural commu-
15 nities in meeting their community facility needs.

16 “(4) NEIGHBORHOOD INNOVATION
17 PROJECTS.—The Secretary shall provide the assist-
18 ance described in paragraph (1) for neighborhood in-
19 novation projects, which shall include grants to
20 neighborhood-based private, nonprofit organizations
21 to test or assist in the development of new ap-
22 proaches or methods that will aid in overcoming spe-
23 cial problems identified by communities or neighbor-
24 hoods or otherwise assist in furthering the purposes
25 of this subtitle, and which may include projects that

1 are designed to serve low-income individuals and
2 families who are not being effectively served by other
3 programs.

4 “(b) EVALUATION.—The Secretary shall require all
5 activities receiving assistance under this section to be eval-
6 uated for their effectiveness. Funding for such evaluations
7 shall be provided as a stated percentage of the assistance
8 or through a separate grant awarded by the Secretary spe-
9 cifically for the purpose of evaluation of a particular activ-
10 ity or group of activities.

11 “(c) ANNUAL REPORT.—The Secretary shall compile
12 an annual report containing a summary of the evaluations
13 required in subsection (b) and a listing of all activities as-
14 sisted under this section. The Secretary shall annually
15 submit the report to the Chairperson of the Committee
16 on Education and the Workforce of the House of Rep-
17 resentatives and the Chairperson of the Committee on
18 Labor and Human Resources of the Senate.”.

19 **SEC. 103. RELATED AMENDMENTS.**

20 The Community Services Block Grant Act (42 U.S.C.
21 9901 et seq.) is amended—

22 (1) by striking section 681;

23 (2) in section 681A—

24 (A) by striking “681A” and inserting
25 “681”;

1 (B) in subsection (c) by striking “Labor”
2 and inserting “the Workforce”; and

3 (C) in subsection (d) by striking
4 “\$25,000,000” and all that follows through
5 “1998”, and inserting “\$5,000,000 for fiscal
6 year 1999, and such sums as may be necessary
7 for fiscal years 2000 through 2003.”;

8 (3) in section 682—

9 (A) in subsection (c)—

10 (i) by redesignating paragraphs (3)
11 and (4) as paragraphs (4) and (5), respec-
12 tively; and

13 (ii) by inserting after paragraph (2)
14 the following:

15 “(3) the applicant shall, in each community in
16 which a program is funded under this section—

17 “(A) ensure that—

18 “(i) a community-based advisory com-
19 mittee, composed of representatives of local
20 youth, family, and social service organiza-
21 tions, schools, entities that provide park
22 and recreation services, entities that pro-
23 vide training services, and community-
24 based organizations that serve high-risk
25 youth, is established; or

1 “(ii) an existing community-based ad-
2 visory board, commission, or committee
3 with similar membership is used; and

4 “(B) enter into formal partnerships with
5 youth-serving organizations or other appro-
6 priate social service entities in order to link pro-
7 gram participants with year-round services in
8 their home communities that support and con-
9 tinue the objectives of this subtitle;”; and

10 (B) in subsection (f) by striking “each fis-
11 cal year” and all that follows through “1998”,
12 and inserting “for fiscal year 1999, and such
13 sums as may be necessary for fiscal years 2000
14 through 2003”; and

15 (4) by striking sections 683 and 684, and in-
16 serting the following:

17 **“SEC. 683. DRUG TESTING AND PATERNITY DETERMINA-**
18 **TIONS.**

19 “(a) DRUG TESTING PERMITTED.—(1) Nothing in
20 this subtitle shall be construed to prohibit a State from
21 testing participants in programs, activities, or services car-
22 ried out under this subtitle for controlled substances or
23 from imposing sanctions on such participants who test
24 positive for any of such substances.

1 “(2) Any funds provided under this subtitle expended
2 for such testing shall be considered to be expended for ad-
3 ministrative expenses and shall be subject to the limitation
4 specified in section 675(b)(2).

5 “(b) PATERNITY DETERMINATIONS.—During each
6 fiscal year for which an eligible entity receives a grant
7 under section 675C, such entity shall—

8 “(1) inform custodial parents in single-parent
9 families that participate in programs, activities, or
10 services carried out under this subtitle about the
11 availability of child support services;

12 “(2) refer eligible parents to the child support
13 offices of State and local governments; and

14 “(3) establish referral arrangements with such
15 offices.

16 **“SEC. 684. REFERENCES.**

17 “Any reference in any provision of law to the poverty
18 line set forth in section 624 or 625 of the Economic Op-
19 portunity Act of 1964 shall be construed to be a reference
20 to the poverty line defined in section 673 of this subtitle.

21 Any reference in any provision of law to any community
22 action agency designated under title II of the Economic
23 Opportunity Act of 1964 shall be construed to be a ref-
24 erence to an entity eligible to receive funds under the com-
25 munity services block grant program.”.

1 **SEC. 104. EFFECTIVE DATE; APPLICATION OF AMEND-**
2 **MENTS.**

3 (a) EFFECTIVE DATE.—Except as provided in sub-
4 section (b), this title and the amendments made by this
5 title shall take effect on the date of the enactment of this
6 Act.

7 (b) APPLICATION OF AMENDMENTS.—The amend-
8 ments made by this title shall not apply with respect to
9 fiscal years ending before October 1, 1998.

10 **TITLE II—AMENDMENTS TO THE**
11 **LOW-INCOME HOME ENERGY**
12 **ASSISTANCE ACT OF 1981**

13 **SEC. 201. SHORT TITLE.**

14 This title may be cited as the “Low-Income Home
15 Energy Assistance Amendments of 1998”.

16 **SEC. 202. AUTHORIZATION.**

17 (a) IN GENERAL.—Section 2602(b) of the Low-In-
18 come Home Energy Assistance Act of 1981 (42 U.S.C.
19 8621(b)) is amended by inserting “, \$1,100,000,000 for
20 fiscal year 2000, and such sums as may be necessary for
21 fiscal year 2001” after “1995 through 1999”.

22 (b) PROGRAM YEAR.—Section 2602(c) of such Act
23 (42 U.S.C. 8621(c)) is amended to read as follows:

24 “(c) Amounts appropriated under this section in any
25 fiscal year for programs and activities under this title shall

1 be made available for obligation in the succeeding fiscal
2 year.”.

3 (c) TECHNICAL AMENDMENT.—Section 2602(e) of
4 such Act (42 U.S.C. 8621(e)) is amended by striking
5 “subsection (g)” and inserting “subsection (e) of such sec-
6 tion”.

7 **SEC. 203. DEFINITIONS.**

8 Section 2603(4) of the Low-Income Home Energy
9 Assistance Act of 1981 (42 U.S.C. 8622(4)) is amended—

10 (1) by striking “the term” and inserting “The
11 term”; and

12 (2) by striking the semicolon and inserting a
13 period.

14 **SEC. 204. NATURAL DISASTERS AND OTHER EMERGENCIES.**

15 (a) DEFINITIONS.—Section 2603 of the Low-Income
16 Home Energy Assistance Act of 1981 (42 U.S.C. 8622)
17 is amended—

18 (1) by redesignating paragraphs (6) through
19 (9) as paragraphs (8) through (11), respectively;

20 (2) by inserting before paragraph (8) (as redes-
21 ignated in paragraph (1)) the following:

22 “(7) NATURAL DISASTER.—The term ‘natural
23 disaster’ means a weather event (relating to cold or
24 hot weather), flood, earthquake, tornado, hurricane,
25 or ice storm, or an event meeting such other criteria

1 as the Secretary, in the discretion of the Secretary,
2 may determine to be appropriate.”;

3 (3) by redesignating paragraphs (1) through
4 (5) as paragraphs (2) through (6), respectively; and
5 (4) by inserting before paragraph (2) (as reded-
6 igned in paragraph (3)) the following:

7 “(1) EMERGENCY.—The term ‘emergency’ means—

8 “(A) a natural disaster;

9 “(B) a significant home energy supply shortage
10 or disruption;

11 “(C) a significant increase in the cost of home
12 energy, as determined by the Secretary;

13 “(D) a significant increase in home energy dis-
14 connections reported by a utility, a State regulatory
15 agency, or another agency with necessary data;

16 “(E) a significant increase in participation in a
17 public benefit program such as the food stamp pro-
18 gram carried out under the Food Stamp Act of 1977
19 (7 U.S.C. 2011 et seq.), the national program to
20 provide supplemental security income carried out
21 under title XVI of the Social Security Act (42
22 U.S.C. 1381 et seq.), or the State temporary assist-
23 ance for needy families program carried out under
24 part A of title IV of the Social Security Act (42

1 U.S.C. 601 et seq.), as determined by the head of
2 the appropriate Federal agency;

3 “(F) a significant increase in unemployment,
4 layoffs, or the number of households with an individ-
5 ual applying for unemployment benefits, as deter-
6 mined by the Secretary of Labor; or

7 “(G) an event meeting such criteria as the Sec-
8 retary, in the discretion of the Secretary, may deter-
9 mine to be appropriate.”.

10 (b) CONSIDERATIONS.—Section 2604(g) of such Act
11 (42 U.S.C. 8623(g)) is amended by striking the last 2 sen-
12 tences and inserting the following: “In determining wheth-
13 er to make such an allotment to a State, the Secretary
14 shall take into account the extent to which the State was
15 affected by the emergency or disaster involved, the avail-
16 ability to the State of other resources under the program
17 carried out under this title or any other program, whether
18 a Member of Congress has requested that the State receive
19 the allotment, and such other factors as the Secretary may
20 find to be relevant. Not later than 30 days after making
21 the determination, but prior to releasing an allotted
22 amount to a State, the Secretary shall notify Congress of
23 the allotments made pursuant to this subsection.”.

1 **SEC. 205. STATE ALLOTMENTS.**

2 Section 2604 of the Low-Income Home Energy As-
3 sistance Act of 1981 (42 U.S.C. 8623) is amended—

4 (1) in subsection (b)(1), by striking “the North-
5 ern Mariana Islands, and the Trust Territory of the
6 Pacific Islands.” and inserting “and the Common-
7 wealth of the Northern Mariana Islands.”;

8 (2) in subsection (c)(3)(B)(ii), by striking “ap-
9 plication” and inserting “applications”;

10 (3) by striking subsection (f);

11 (4) in subsection (g)—

12 (A) in the first sentence, by striking “(a)
13 through (f)” and inserting “(a) through (d)”;
14 and

15 (B) in the second sentence, by striking
16 “emergency or disaster,” and inserting “natural
17 disaster or other emergency,”; and

18 (5) by redesignating subsection (g) as sub-
19 section (e).

20 **SEC. 206. ADMINISTRATION.**

21 Section 2605 of the Low-Income Home Energy As-
22 sistance Act of 1981 (42 U.S.C. 8624) is amended—

23 (1) in subsection (b)—

24 (A) in paragraph (9)(A), by striking “and
25 not transferred pursuant to section 2604(f) for
26 use under another block grant”;

1 (B) in paragraph (14), by striking “; and”
2 and inserting a semicolon;

3 (C) in the matter following paragraph
4 (14), by striking “The Secretary may not pre-
5 scribe the manner in which the States will com-
6 ply with the provisions of this subsection.”; and

7 (D) in the matter following paragraph
8 (16), by inserting before “The Secretary shall
9 issue” the following: “The Secretary may not
10 prescribe the manner in which the States will
11 comply with the provisions of this subsection.”;
12 (2) in subsection (c)(1)—

13 (A) in subparagraph (B), by striking
14 “States” and inserting “State”; and

15 (B) in subparagraph (G)(i), by striking
16 “has” and inserting “had”; and

17 (3) in paragraphs (1) and (2)(A) of subsection
18 (k) by inserting “, particularly those low-income
19 households with the lowest incomes that pay a high
20 proportion of household income for home energy”
21 before the period.

22 **SEC. 207. PAYMENTS TO STATES.**

23 Section 2607(b)(2)(B) of the Low-Income Home En-
24 ergy Assistance Act of 1981 (42 U.S.C. 8626(b)(2)(B))
25 is amended—

1 (1) in the first sentence, by striking “and not
2 transferred pursuant to section 2604(f)”;
3 (2) in the second sentence, by striking “but not
4 transferred by the State”.

5 **SEC. 208. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE**
6 **OPTION.**

7 (a) **EVALUATION.**—The Comptroller General shall
8 conduct an evaluation of the Residential Energy Assist-
9 ance Challenge program described in section 2607B of the
10 Low-Income Home Energy Assistance Act of 1981 (42
11 U.S.C. 8626b).

12 (b) **REPORT.**—Not later than 2 years after the date
13 of enactment of this Act, the Comptroller General shall
14 prepare and submit to Congress a report containing—

15 (1) the findings resulting from the evaluation
16 described in subsection (a); and

17 (2) the State evaluations described in para-
18 graphs (1) and (2) of subsection (b) of such section
19 2607B.

20 (c) **INCENTIVE GRANTS.**—Section 2607B(b)(1) of the
21 Low-Income Home Energy Assistance Act of 1981 (42
22 U.S.C. 8626b(b)(1)) is amended by striking “For each of
23 the fiscal years 1996 through 1999” and inserting “For
24 each fiscal year”.

1 (d) TECHNICAL AMENDMENTS.—Section 2607B of
2 such Act (42 U.S.C. 8626b) is amended—
3 (1) in subsection (e)(2)—
4 (A) by redesignating subparagraphs (F)
5 through (N) as subparagraphs (E) through
6 (M), respectively; and
7 (B) in clause (i) of subparagraph (I) (as
8 redesignated in subparagraph (A)), by striking
9 “on” and inserting “of”; and
10 (2) by redesignating subsection (g) as sub-
11 section (f).

Amend the title so as to read: “A bill to amend the Community Services Block Grant Act to reauthorize and make improvements to that Act; and to amend the Low-Income Home Energy Assistance Act of 1981 to reauthorize and make improvements to that Act.”.